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SUBJECT: THE REFORM AGENDA IN KENYA: ENERGIZING THE PRIVATE
SECTOR

SENSITIVE BUT UNCLASSIFIED -- ENTIRE TEXT.

¶1. As previous reporting has noted, peaceful pressure coming from civil society groups, religious organizations, the private sector, and the media were instrumental in helping resolve the crisis triggered by the December 2007 disputed elections. Having undertaken some steps to implement relatively easy elements of the reform agenda, the coalition government has not moved forward on the really tough issues) tackling the culture of impunity relating to violence and corruption. The strong role the U.S. played to help resolve the crisis gave encouragement to these groups to speak out. Pressure on the coalition government from these same groups is essential to drive implementation of the reform agenda. While we have been in constant contact with these groups, since early this year we have intensified engagement to encourage them to act in concert to push the reform agenda. This message reports on the Ambassador,s recent meeting with the Kenyan private sector alliance (KEPSA). (Septels will report on meetings with civil society, religious groups, and the media.)

¶2. The Ambassador opened the meeting with the KEPSA leadership by noting the role that they played during the post-election crisis. KEPSA used its vast private sector leverage to push for a political solution. This included full-page newspaper advertisements pointing out the economic and social consequences of the crisis, and a series of hard-hitting meetings with Kibaki and Odinga. In doing this, KEPSA mobilized the private sector as never before, and brought labor unions into a joint effort. The Ambassador emphasized that the private sector must now play a similar role to push for implementation of the reform agenda.

¶3. The Ambassador pointed out that, in addition to KEPSA,s power as the umbrella private sector organization, there are two other immediate points of leverage. One is Prime Minister Odinga,s desire to lead a trade and investment mission to the U.S. before mid-year, and the other is the upcoming AGOA forum. The Ambassador noted that he has already made clear to Kibaki and Odinga that these will not be fully successful unless specific, substantial action is taken to implement the reform agenda, including action to tackle corruption.

¶4. The KEPSA leadership readily agreed that the private sector needs to play a role similar to what it played to help end the crisis. They admitted, however, that there are those in the private sector who want to work with the vested interests in the coalition government rather than putting themselves on the line to promote change. The KEPSA

leadership all see the need for quick, strong private sector action, and are working to persuade those who are reticent.

¶5. The KEPSA leadership told the Ambassador that they will work on an approach similar to that adopted during the crisis: a combination of public calls for implementation of the reform agenda coupled with private pressure through meetings with Kibaki, Odinga, and others.

¶6. The KEPSA leadership pointed out that the global economic crisis, which has already had a significant negative impact on Kenya, complicates efforts to promote reform. The government is distracted by immediate priorities like alleviating the food shortages and dealing with the burgeoning budget deficit while trying to sustain basic programs like health care and education. However, they said, the coalition government has no choice but to proceed with implementation of the reform agenda. They agreed strongly with us that tackling corruption is key to both dealing with economic pressures and to political reform.

¶7. We are following up with KEPSA.
RANNEBERGER